



Office of the City Manager

CONSENT CALENDAR  
October 29, 2019

To: Honorable Mayor and Members of the City Council  
 From: Dee Williams-Ridley, City Manager  
 Submitted by: Jordan Klein, Manager, Office of Economic Development  
 Subject: Contract: Berkeley Convention and Visitor's Bureau, d.b.a. Visit Berkeley

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute a sole source contract and any amendments with the Berkeley Convention and Visitors' Bureau, d.b.a. Visit Berkeley, not to exceed \$7,966,000 of Berkeley Tourism Business Improvement District (BTBID) funds to support tourism marketing and promotion for the period through June 30, 2027.

FISCAL IMPACTS OF RECOMMENDATION

The BTBID levies an annual assessment of one percent (1%) of gross short term room rental revenue for lodging establishments. The revenues are collected and the funds are expended from the Berkeley Tourism BID Fund. The budget code for the revenue is 781-21-208-251-0000-000-000-412110 and the budget code for the expenditures is 781-21-208-251-0000-000-446-636110. Based on the proposed budget revenue projections for the companion Transient Occupancy Tax for FYs 2020-2027, staff estimates that the Tourism BID assessment will raise an equivalent amount of approximately \$7,654,000 in FYs 2020-2027 (see Exhibit A). In addition, Visit Berkeley is owed \$56,958.17 for underpayment of the BTBID in FY14-19.

The contract will be with the Berkeley Convention and Visitors' Bureau, d.b.a. Visit Berkeley, and will be entered into the City's contract management database from budget code 781-21-208-251-0000-000-446-636110.

CURRENT SITUATION AND ITS EFFECTS

The term of the current Berkeley Tourism Business Improvement District (BTBID) was set on April 25, 2017 (Resolution No. 67,926-N.S), when the BTBID was renewed for the ten-year term beginning July 1, 2017 and ending June 30, 2027. Under the Property and Business Improvement District Law of 1994 (California Streets and Highways Code section 36600 et.seq.), the City Council may approve an Annual Report prepared by the Business Improvement District Owners' Association with a proposed budget for the next year. Accordingly, at its meeting on May 1, 2019, the BTBID Owners' Association voted

to recommend that the City Council approve the Annual Report for FY19 and budget for BTBID's Fiscal Year 2020. On May 28, 2019 Council adopted resolutions:

- A) approving the Berkeley Tourism Business Improvement District (BTBID) Annual Report of FY19 and preliminary FY20 budget, as recommended by the BTBID Owners' Association and,
- B) confirming the BTBID assessment and implementation contract with Visit Berkeley. This Council decision enabled continuous BTBID operations for another year.

Council approval is requested to authorize the City Manager to execute a sole source contract and any amendments with the Berkeley Convention and Visitors' Bureau, d.b.a. Visit Berkeley, for \$7,966,000 of BTBID funds, where the amount requested reflects:

- 1) actual tourism TOT revenue collected in FY2019 in excess of the amount already paid out to Visit Berkeley (the one-time "true-up" payment);
- 2) reconciliation for BTBID underpayment by the City of Berkeley in FYs14-19; and
- 3) BTBID funds to support tourism marketing and promotion for the years remaining in the period through which the BTBID was authorized by Council (ending June 30, 2027).

The total contract amount will not exceed the revenues collected through the Tourism Business Improvement District.

### BACKGROUND

The Berkeley Tourism BID was first established for a period of five years on September 18, 2012 to raise revenues to finance marketing and sales promotions, increase tourism, and promote Berkeley hotels as tourist, meeting, and event destinations. The Berkeley Municipal Code was amended on November 27, 2012 to modify its definition of room rent that so that BTBID assessments passed through to guests are exempt from the Transient Occupancy Tax (TOT) which is also applied to room rent. A portion of TOT revenue also funds the Berkeley Convention and Visitors Bureau, but under a separate contract. On April 25, 2017, Council approved Resolution No. 67,926-N.S. reestablishing the Tourism BID starting on July 1, 2017 for an additional 10 years, expiring in 2027. The Tourism BID is authorized through June 30, 2027 unless action is taken to disestablish it.

### ENVIRONMENTAL SUSTAINABILITY

The BTBID works to promote the Bay Area Green Business certification program with Berkeley's hotel owners, thereby encouraging the local lodging industry to take considerable action to meet environmental sustainability objectives.

### RATIONALE FOR RECOMMENDATION

Visit Berkeley was designated as the BTBID Owners' Association in the 2017 Management District Plan for the Tourism BID. As such, the California Streets and

Highways Code Section 36623 requires the City to contract with this designated non-profit corporation to provide these services.

ALTERNATIVE ACTIONS CONSIDERED

No alternative actions were considered.

CONTACT PERSON

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Jordan Klein, Economic Development Manager, (510) 981-7534.

Attachments:

1: Resolution: Contract: Berkeley Convention and Visitors' Bureau (DBA Visit Berkeley) to implement the Berkeley Tourism Business Improvement District

RESOLUTION NO. ##,###-N.S.

CONTRACT: BERKELEY CONVENTION AND VISITORS' BUREAU (DBA VISIT BERKELEY) TO IMPLEMENT THE BERKELEY TOURISM BUSINESS IMPROVEMENT DISTRICT

WHEREAS, Visit Berkeley (VB) has proven to be an effective partner with the City of Berkeley in implementing hotel and tourism marketing and promotions; and

WHEREAS, VB is the one private sector organization that is taking comprehensive action to improve the economic vitality of the hotel sector across Berkeley, as reflected in VB's long history of supporting the hotel and tourism sector; and

WHEREAS, on April 25, 2017, the City Council held a public hearing, after which it adopted Resolution No. 67,926 -N.S. establishing the Berkeley Tourism Business Improvement District (BTBID) starting July 1, 2017 and ending June 30, 2027 and levying an assessment to be collected on a monthly basis; and

WHEREAS, on May 1, 2019, the Owners' Association of the Berkeley Tourism Business Improvement District approved an annual report as required by California Streets and Highway Code 36650; and

WHEREAS, on May 28, 2019, the City Council approved the Annual Report prepared by the Owners' Association.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is hereby authorized to execute a sole source contract and any amendments with Visit Berkeley in the amount of \$7,966,000 for the purpose of implementation of the BTBID for the period of July 1, 2019 to June 30, 2027. A record signature copy of said contract and any amendments are to be on file in the Office of the City Clerk.